

**SCOTTSDALE TOURISM DEVELOPMENT COMMISSION
CITY OF SCOTTSDALE
WITZEMAN PUBLIC SAFETY BUILDING - ARIZONA ROOM
8401 E. INDIAN SCHOOL ROAD
SCOTTSDALE, ARIZONA 85251
JULY 21, 2009
APPROVED MINUTES**

PRESENT: John Holdsworth, Chairman
Mike Surguine, Vice-Chairman
Kate Birchler, Commissioner
Sam Fox, Commissioner

ABSENT: David Richard, Commissioner
Leon Young, Commissioner

STAFF: Kathy O'Connor, Tourism Development Manager
Steve Geiogamah, Tourism Development Coordinator
Lee Guillory, Financial Services Manager
Scott McCarty, General Manager, Financial Services
Harold Stewart, General Manager, Economic Vitality

OTHERS PRESENT FOR ALL OR PART OF THE MEETING:

Councilman Wayne Ecton
Rachel Sacco, SCVB
Brent DeRaad, SCVB

1. Call to Order/Roll Call

Chairman Holdsworth called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:10 a.m. A formal roll call confirmed members present as listed above, noting the presence of a quorum.

2. Approval of Minutes

- a. Regular Meeting - June 16, 2009

COMMISSIONER BIRCHLER MOVED TO APPROVE THE MINUTES OF THE JUNE 16, 2009 REGULAR MEETING. VICE CHAIRMAN SURGUINE SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF FOUR (4) TO ZERO (0). COMMISSIONERS RICHARD AND YOUNG WERE ABSENT.

3. Monthly Staff Reports

- a. Staff bed-tax collection report

Ms. O'Connor reported that all categories were down significantly, including the bed-tax. The decline was measured at 22% below last year's actuals. Mr. McCarty added that revenue is \$300,000 below what was estimated for the twelve months ending through May.

Chairman Holdsworth invited Commissioners prognostication for next quarter. Commissioner Fox said he expects to start gaining back a little of what has been lost so far this year. This November should be better than last year's. Commissioner Birchler said retail expects improvement in October with the opening of Barney's at Scottsdale Fashion Square, and in November during Fashion Week.

Vice Chairman Surguine said the group sector remains challenging. The fourth quarter will depend on how well existing bookings hold up and on short-term activity. Misinformation spread by the local press continues to hammer the industry and is not helping the situation. The room rate continues to be challenging. Chairman Holdsworth said the downturn in group business is hitting all but a handful of markets, but Scottsdale's appears to be softer than average.

Ms. Sacco reported on a countywide effort to formulate a proactive response to the negative media stories, and minimize the potential for cancellations in light of that publicity. Chairman Holdsworth expressed concern that a public body taking such a stand could create even more negativity. He felt the best way to address local media misinformation would be to cancel advertising and let them know why.

b. Bed-tax Proforma

Ms. O'Connor noted that the final proforma numbers would not be in until at least September.

c. Smith Travel Report

Vice Chairman Surguine reported that transient business is actually up, but group business has been down dramatically over the past five months.

d. Manager's Update

Ms. O'Connor noted that Harold Stewart has been named the new Managing Executive Director of the Economic Vitality Division. Mr. Stewart reported that the Economic Vitality Department has been combined with WestWorld, Code Enforcement, the Airport, and the Downtown Office. Ms. O'Connor added that she will assume the responsibilities of the Scottsdale Cultural Council staff liaison. This will provide an opportunity to develop synergies with the TDC.

She noted that in September, Council will consider another hotelier to fill Tom Kelly's seat on the Commission.

Ms. O'Connor said that currently staff provides hard copies of the meeting packets at Commission meetings. Staff is more than happy to continue doing this, if this practice still meets the needs of the Commissioners. Chairman Holdsworth commented that it is useful to have the high level overview documents in hard copy at meetings. Perhaps it

is not necessary to print out some of the extremely detailed documentation. Ms. O'Connor said staff will continue to provide the packets. The Commissioners concurred that this is acceptable.

4. City-Wide Noise Issue

This item was tabled since Raun Keagy was unavailable to present it. The TDC requested to be re-scheduled in August.

5. FY05/06 Tourism Development Strategic Plan Update

Ms. O'Connor reviewed the status of the current strategic plan initiated in FY05/06. Most, if not all, of the marketing initiatives were implemented to some degree. The marketing relationship with the Sedona destination was initiated and continues. Early on, it was decided that the Design Canyon concept was very ambitious and would require private sector leadership. The current economic situation makes this an inopportune time to pursue it. She said the time has come for the Commission to begin thinking about either a new strategic plan or a vision statement.

Chairman Holdsworth felt that the focus should be on rounding out the visioning process, before moving forward on a strategy. The initial visioning meeting was a good first step, but did not go far enough. Vice Chairman Surguine added that the CVB's research indicates that there is broad support for tourism in Scottsdale, which is an encouraging sign. Regardless of the results of the visioning project, Scottsdale is going to have to decide how to pay for it.

Chairman Holdsworth asked whether the Commission preferred to finish the visioning project before formulating a recommendation for Council, or whether to discuss it with Council first. Commissioner Birchler felt it would be helpful to understand Council's thinking, and she proposed holding a strategy session. Chairman Holdsworth proposed an August agenda item to review the work to date on the visioning project, and determine where to go from there.

Councilman Ecton said he would make a Council agenda request for a visioning strategy session. He questioned whether the current Council majority would approve any kind of new tax, and encouraged the Commission to explore other possible funding options.

6. Desert Discovery Center Subcommittee Update

Vice Chairman Surguine reported that the Subcommittee is working on identifying its deliverables, and the timeline for Phase Two. Ms. O'Connor added that the group recognizes there may be a need to accelerate the process to respond to the availability of capital project money, the five-year capital plan, and whether or not there is a bond election in 2010. Once the TDC and the McDowell Sonoran Preserve Commission have had a chance to approve the work plan and timeline, a presentation would be made to Council.

Ms. O'Connor said the Subcommittee is looking into the size and scope of the DDC, the building design, the exhibit design, and a comparison of other facilities. There is enough consensus to move forward with just one concept. The challenge now is to develop that concept. The next meeting is scheduled for August 3, and the group expects to meet every other Monday thereafter.

Vice Chairman Surguine noted that all the members of the Subcommittee share a vision of the DDC as being something unique, distinctive, and a world-class facility for both local residents and tourists. The DDC presents an opportunity to do something special. Chairman Holdsworth said the challenge will come in deciding who is going to run it.

Ms. O'Connor said the Gateway is a stunning facility that makes a statement. It serves as a vision of what the DDC could be. She proposed that the Commission hold a meeting there. Councilman Ecton said the 80 acres the City owns near WestWorld should be included in any possible planning.

7. Identification of Future Agenda Items

Chairman Holdsworth reviewed the Commission's agenda and determined that it was full enough. Ms. O'Connor reported that the City and the CVB staff would meet to discuss the next steps in finding sources of funding.

8. Public Comment

Councilman Ecton said Council decided to move ahead on preparing the noise ordinance, but at the same time to explore allowing the hotels and bars an opportunity to try and manage it themselves. If self-policing does not work, the noise ordinance would be available. Other cities have created noise ordinances, but decided not to use them. Ha also noted that there was discussion about changing the current ordinance to allow police enforcement without the need for a citizen to call in with a complaint.

9. Adjournment

With no further business before the Commission, the meeting adjourned at 9:05 a.m.

Respectfully submitted,

A/V Tronics, Inc. DBA AVTranz.